No. 95-869

In The

Supreme Court of the United States

October Term, 1995

CHUMS, LTD.,

Petitioner,

vs.

SNUGZ/USA, INC. and HOWARD JAMES ADAMSON,

Respondents.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Tenth Circuit

RESPONDENTS' BRIEF IN OPPOSITION

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QUESTION PRESENTED FOR REVIEW

Should this Court grant the Petition for Writ of Certiorari when (a) Petitioner never raised below the specific argument asserted in its Petition; (b) the Tenth Circuit Court of Appeals did not rule as Petitioner alleges and there is no apparent conflict among the Circuits as to the Court's actual judgment; (c) Petitioner's theory on appeal results from Petitioner's own decision in the District Court not to follow that court's order regarding submitting proposed jury instructions; and (d) the Tenth Circuit Court of Appeals correctly rejected all of the arguments Petitioner raised below?

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TO THE HONORABLE SUPREME COURT OF THE UNITED STATES

Respondents, Snugz/USA, Inc., and Howard James Adamson, respectfully request that this Court deny the Petition for Writ of Certiorari submitted by Chums, Ltd. (hereinafter referred to as "Petitioner").[1]

CITATIONS OF OFFICIAL AND UNOFFICIAL OPINIONS

On August 25, 1995, the United States Court of Appeals for the Tenth Circuit filed its Order and Judgment affirming the trial Court below. The case was heard before Judges Brorby, Kelly, and Henry and was evidently not recommended for full publication. On October 27, 1995, the Court entered its Order denying Petitioner's suggestion for rehearing in banc, noting that "no member of the panel and no judge in regular active service on the Court" requested that the Court be polled on rehearing in

[1] By a November 28, 1995, letter from this Court's clerk Petitioner's original Petition was evidently rejected as failing to comply with the rules of this Court. Although Petitioner evidently submitted a corrected Petition on December 4, 1995, its counsel never provided Respondents' counsel with a copy of that corrected Petition. Respondents' counsel learned of this fact on January 11, 1996. Because Petitioner's counsel has never provided Respondents' counsel with a copy of any Amended Petition, Respondents only have the defective Petition to address in this Brief. Nevertheless, Respondents' counsel anticipates that the arguments in the Petition did not change.

banc. These orders are attached to the Petition at Appendices A and C and the former will be cited herein as "Court's Opinion."

STATEMENT OF THE CASE

Respondents disagree with Petitioner's statement of the case. Petitioner filed its Complaint in this action against Respondents claiming, in part, violations of the Lanham Act and unfair trade practices in violation of Utah law.

Prior to trial, the Court entered an Order ruling "[a]ll proposed jury instructions should be short, concise, understandable, and *neutral* statements of law. Argumentative or formula instructions are improper, will not be given, and should not be submitted." (emphasis in original). Contrary to that Court's Order, Chums submitted its proposed instruction number 8, consisting of 62 lines of confusing argument essentially amounting to several pages for one instruction. Respondents likewise proposed their jury instructions, including their instruction number 1 which became the Court's instruction number 25 as criticized in the Petition.

In filing their objections to Petitioner's jury instructions, Respondents put Petitioner on notice as to the problems with Petitioner's instruction number 8, but Petitioner chose not to modify this proposed instruction. And, although the Court adopted Respondents' instruction number 1 as part of the court's preliminary jury instructions, in filing its objections Petitioner did not at that time take specific exception to the same.

Contrary to implied representations in Petitioner's statement of the case, Petitioner's own witnesses offered testimony which supported the jury's conclusion that there was no likelihood of confusion between the eyeglass retainers manufactured by Petitioner and Respondents. Indeed, Petitioner's own President admitted among other things that it was easy for him to read Petitioner's name on its product and easy for him to read Respondents' name on their product. Four other witnesses called by the Petitioner at trial essentially admitted that the parties' eyeglass retainers are distinguishable and a fifth witness presented by the Petitioner essentially admitted that Petitioner had chosen not to even participate in a market in which Respondents' eyeglass retainers were distributed. Finally, Petitioner's "survey expert" conceded that he had never been qualified as an expert before, was not familiar with survey procedures recommended by the United States Judicial Conference, was not aware of a market in which Respondents distributed their product and that he had not performed a truly randomized survey.

As part of their case at trial, Respondents presented witnesses demonstrating in part that (a) Respondents circulated their product in a market entirely different from Petitioner; (b) considerable effort had been made to differentiate Respondents' product from that of Petitioner; (c) in one witness' 27 years of experience no customer had ever returned an eyeglass retainer (manufactured by either Petitioner or Respondents) indicating that there was a confusion between the two; (d) the parties' products were easily distinguishable; and (e) Petitioner had itself copied another company's product

design. Respondents also presented expert testimony from a market research specialist who testified that Petitioner's survey had been addressed to the wrong audience, was invalid, asked the wrong questions and never even discussed confusion between the parties' products.

After both sides rested, the trial Court addressed the proposed jury instructions and noted that it was going to present the case to the jury in quite simple terms. When that and other subjects were raised, Petitioner's counsel stated he agreed with the Court's evaluation.

After the jury was given its instructions, Petitioner's counsel objected to the Court's definitions of "Functionality, Trade Dress and Secondary Meaning" and suggested adoption of the Ninth Circuit's analysis on those issues. Petitioner's counsel then took exception to instruction number 25, among others, without any analysis or discussion at that time.

Importantly, Petitioner has not disclosed to this Court that during jury deliberations the jurors asked the Court to redefine "likelihood" in the context of its jury instruction discussing whether there was a "likelihood of confusion" among the parties' products. The trial judge proposed instructing the jury among other things to use its common sense in defining the term "likelihood." When asked whether Petitioner's counsel had any objection to this supplemental instruction being given to the jury, Petitioner's counsel merely objected that the Court's proposed reply to the jury's question did not include a statement that the jury "should define the term likelihood in accordance with its perception, its understanding . . . of the ordinary meaning of that term."

Thereafter, the jury entered its verdict finding that Petitioner's product was inherently distinctive or had acquired a secondary meaning, but that there was no likelihood of confusion between the eyeglass retainers manufactured by Petitioner and Respondents.

After trial, Petitioner filed motions for a new trial and for a mistrial complaining of error regarding the Court's jury instructions and juror misconduct. In denying these motions, the trial Court in part essentially ruled that Petitioner's argument failed and that Petitioner had earlier requested that the Court allow the jury to rely on the common and ordinary meaning of the phase "likelihood" in analyzing whether a confusion existed between the parties' products. The trial Court also noted that Petitioner's proposed instruction number 8 had been misleading, confusing and longer than necessary.

In its Opinion on appeal, the Tenth Circuit Court of Appeals identified Petitioner's arguments as involving whether the District Court (a) erred in excluding hearsay testimony; (b) wrongfully dismissed Petitioner's state law claims; (c) erred in refusing to give Petitioner's proposed jury instruction number 8 and in giving instruction number 25; (d) erred by denying Petitioner's motion for mistrial following a juror's reference to a dictionary; and (e) properly denied Petitioner's motion for a new trial on sufficiency of the evidence grounds.

After rejecting all of Petitioner's claims and affirming the District Court's judgment, the Tenth Circuit Court subsequently entered an order denying Petitioner's suggestion for rehearing in banc, acknowledging that no member of the panel and no judge in regular active

service had recommended the Court be polled on Petitioner's suggestion.

PERCEIVED MISSTATEMENTS OF FACT OR LAW IN PETITION

Petitioner's Petition contains many misstatements of fact (presumably characterizing testimony Petitioner believes supported a verdict in its favor) and critical misstatements of law. These initially include (a) how the parties' product is designed, manufactured and distributed; (b) whether the retainers have tags; and (c) whether they look or feel alike.

Respondents also dispute and believe the record fairly rejects Petitioner's claims that (a) Respondents followed every detail of Petitioner's retainer; (b) it is virtually impossible for a casual observer to tell the difference between the parties' products; (c) Petitioner's survey was conducted properly and scientifically; (d) the parties' products compete directly in the same market; (e) "Respondents carefully created a second Chums" (*See* Petitioner's Petition at pages 4-5); (f) Petitioner's expert presented a survey evidencing confusion between the parties' products (Petition at page 5); (g) Petitioner presented "numerous examples of actual product confusion" (*Id.* at page 6); (h) Respondents' only "answer to [Petitioner's] evidence was to argue that it just wasn't enough" (*Id.* at page 6); and (i) Respondents' own survey expert had [only] testified that "somehow" Petitioner's survey did not indicate confusion." (*Id.*).

Importantly, this Court should note that Petitioner has not correctly characterized or quoted (except in the Appendix) its confusing and lengthy proposed instruction number 8. (*See* Petition at page 7) Petitioner has also misstated the law in claiming that the criteria in its proposed jury instruction number 8 are "nearly universal rules" (*Id.*). Moreover Petitioner has also not advised this Court that it essentially agreed to the trial court giving the jury a supplemental instruction of "likelihood of confusion", which supplemental instruction encouraged the jury to use common sense in evaluating that term. And Petitioner in one instance improperly indicated that the jury verdict concluded there was a likelihood of confusion between the parties' products. (*See* Appendix 1 at page 18a) when the jury actually concluded to the exact contrary as stated in the Petition.

Respondents also reject Petitioner's perceived misstatement of law that a claim regarding a disputed instruction was correctly "drawn" from a Tenth Circuit Court opinion (*See* Petition at page 9) when the Tenth Circuit Court of appeals ruled that Petitioner's earlier reliance upon the cited Tenth Circuit case was misplaced (*See* Court's Opinion at page 5).

Similarly, Respondents believe Petitioner has repeatedly misstated the facts in arguing that its instruction number 8 was not "unusually long" and that the "convolution" and "confusion" in the proposed instruction was hard to detect (Petition at page 9). Petitioner also incorrectly claims that the alternate instruction given by the District Court and approved by the Tenth Circuit "gave the jury no criteria or guidance whatever." (Petition at page 9). And the Petitioner incorrectly implies that the

Tenth Circuit Court of Appeals merely found that the giving of instruction number 25 was "harmless." (*Id.*).

Most importantly, Petitioner has misstated the actual ruling of the Tenth Circuit Court of Appeals when Petitioner speculates (without any support in the Tenth Circuit's Opinion) that that Court considered that Petitioner's claims were based upon product configuration and that Petitioner was not entitled to protection routinely accorded word or picture trademarks or trade dress consisting of a package or decoration. (Petition at pages 9-10). The Tenth Circuit never expressly ruled on that issue in this case.

Respondents also reject Petitioner's claim that its request for proposed instruction number 8 "almost certainly would have been successful in a 'conventional' trademark case" (Petition at page 11).

SUMMARY OF THE ARGUMENT

Petitioner has manufactured an argument in its Petition which was not specifically raised to the Tenth Circuit Court of Appeals and does not follow in any express fashion from that Court's Opinion. Indeed, nowhere in the Tenth Circuit Court's Opinion does the Court discuss whether Petitioner's product was entitled to the "relatively expansive protection which routinely is accorded word or picture trademarks or trade dress consisting of a package or decoration." (Petition at pages 9-10).

In contrast, a plain review of the Tenth Circuit Court's opinion in this case conclusively demonstrates that the Court's holding is not at odds (as Petitioner argues) with any cited decision in the Second, Seventh and Ninth Circuits (*Id.* at page 10).

Furthermore, even if the Circuit Court's Opinion in this case actually dealt with the issue which Petitioner now suggests merits this Court's review on the same basis as certiorari was presumably requested in *Vornado Air Systems, Inc., v. Duracraft Corp.*, 58 F.3d 1498, 1508 (10th Cir. 1995) (cited in Petition at pages 10, 13-15, 17-18) this Court has already denied the writ for certiorari in that case. (*See* 64 U.S.L.W. 3467; 1996 U.S. Lexis 369 (No. 95-524, January 8, 1996)).

In other respects, Petitioner's claim on appeal follows from its own decision at trial not to submit a proposed jury instruction complying with the District Court's order regarding clear, concise, and simple statements of the law.

Finally, the Tenth Circuit Court's opinion was clear and correct in ruling that (a) the District Court correctly excluded Petitioner's attempts to present hearsay evidence; (b) that Court did not err in dismissing Petitioner's state law claims; (c) in submitting proposed instruction number 8 Petitioner failed to comply with the District Court's rule; (d) the substance of Petitioner's proposed instruction number 8 was stated in more succinct fashion in instruction number 26; (e) Petitioner's contention regarding instruction number 25 was misplaced; (f) the actual facts and circumstances rebutted any presumption of prejudice regarding the trial Court's denial of Petitioner's motion for a mistrial; and (g)

"ample evidence was adduced to support the jury's findings" (Court's Opinion at page 7).

Due then to the special nature of the facts and the Tenth Circuit's well reasoned Opinion, this case is not an appropriate vehicle for Petitioner's inquiry and this Court's review.

REASONS FOR DENYING THE WRIT

I. PETITIONER NEVER RAISED BELOW THE ARGUMENT NOW SUBMITTED TO THIS COURT

Without any support in fact Petitioner claims that this Court should grant Certiorari to resolve a conflict among the circuits as to whether product configuration is entitled to trade dress protection to the same extent as word or picture trademarks or trade dress may be. As a basis for this argument, Petitioner speculates that in reaching its ruling affirming the jury's verdict below "the Court of Appeals evidently *considered* that [Petitioner], whose trade dress claims were based entirely upon product configuration, was not entitled to the relatively expansive protection which routinely is accorded word or picture trademarks or trade dress consisting of a package or decoration." (*See* Petition at pages 9-10) (emphasis added).

Nevertheless, this "consideration" does not exist in the Tenth Circuit Court's ruling and Petitioner's claim is not a fair commentary of what that Court "evidently" ruled. In addition to misstating that fact, Petitioner ignores that it never raised below the exact argument it

has now fashioned for its certiorari petition. To have done so Petitioner would have had to essentually claim that by refusing to give its proposed jury instruction number 8 and by giving instruction number 25 the jury was led to believe that Petitioner's product "was not entitled to the protection routinely accorded word or picture trademarks or trade dress consisting of package or decoration." Petitioner never made this claim.

Further, even after the Tenth Circuit Court of Appeals issued its ruling, Petitioner did not raise in its suggestion for rehearing the exact "conflict among circuits" argument it now asserts to this Court. Instead, in arguing for rehearing Petitioner essentially claimed that the Court misapprehended the importance of principles enunciated in another case, the Court's order and judgment misapprehended the meaning of or rejected a previous decision made by that Court and excluded evidence was not hearsay or prejudicial.

As this Court has previously noted, a grant of certiorari is precluded when "the question presented was not pressed or passed upon below." *United States v. Williams*, 504 U.S. 36, 41 (1992). Since the Court of Appeals and the District Court did not decide the exact substantive issues presented in the Petition for Certiorari this Court should reject that Petition. *See also Stevens v. Department of the Treasury*, 500 U.S. 1 (1991).

II. THE TENTH CIRCUIT COURT OF APPEALS DID NOT RULE AS PETITIONER IMPLIES AND ITS DECISION IS NOT IN APPARENT CONFLICT WITH THE DECISION OF ANY OTHER UNITED STATES COURT OF APPEALS

As noted above, a plain review of the Tenth Circuit Court's unpublished Opinion in this case indicates that that Court did not specifically rule as Petitioner now implies. Instead, the Tenth Circuit Court essentially ruled that (a) there was no reversible error in the District Court's exclusion of witnesses who were to testify as to hearsay (*See* Court's Opinion at pages 2-3); (b) the Petitioner misapprehended the record in arguing the District Court wrongfully dismissed state claims (*See* Court's Opinion at pages 3-4); (c) Petitioner failed to comply with the District Court's Order in submitting proposed jury instruction number 8 since Petitioner's proposed instruction was "long, convoluted, and confusing" (and the subject matter of instruction number 8 was stated in "far more succinct fashion" in another instruction) (*See* Court's Opinion at pages 4-5); (d) in claiming that instruction number 25 misled the jury, Petitioner misunderstood case law in arguing that "the adoption of a trade dress similar to one already established in a marketplace raised a presumption of illegality" (*See* Court's Opinion page 5); (e) the trial court did not err in denying Petitioner's motion for a mistrial related to an argument that a juror had referenced a dictionary for aid in defining the term "likelihood." (*See* Court's Opinion pages 5-6); and (f) Petitioner's motion for a new trial was properly denied when "ample evidence was adduced to support the jury findings" (*See* Court's Opinion at pages 6-7).

In short, the Tenth Circuit Court of Appeals did not rule as Petitioner now impliedly suggests. (*See* Petition at pages 9-10). And nowhere has Petitioner demonstrated how the Tenth Circuit's actual ruling is in conflict with any other Circuit Court's opinion or raises an issue of such importance that this Court should review the same.[2]

Finally, even if the Circuit Court's Opinion in this case actually dealt with the holding Petitioner now suggests merits this Court's review on the same basis as certiorari was presumably requested in *Vornado Air Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1508 (10th Cir. 1995) (cited in Petition at pages 10, 13-15, 17-18) this Court has already denied the writ for certiorari in that case (*See* 64 U.S.L.W. 3467; 1996 U.S. Lexis 369 (No. 95-524, January 8, 1996)), and this Court should not review this case which does not even specifically rule on the issue purportedly raised in *Vornado*.

III. PETITIONER'S ARGUMENT RESULTS FROM ITS OWN DECISION AT TRIAL NOT TO FOLLOW THAT COURT'S ORDER REGARDING PROPOSED JURY INSTRUCTIONS

In reading the Petition for Writ of Certiorari, this Court can conclude that Petitioner's claim is really based upon the District Court's refusal to give Petitioner's proposed jury instruction number 8 and Petitioner's objection to the District Court's instruction number 25 (*See*

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[2] Had the Tenth Circuit Court believed this decision raised important issues, it would have presumably published the opinion or at least one member of the Court would have likely voted for in banc review.

Petition at page 11). In response to that fact, this Court need not review the Tenth Circuit Court of Appeal's Opinion which sustained the District Court's Order that required Petitioner to propose jury instructions that were "short, concise, understandable, and *neutral* statements of law." (*See* Court's Opinion at page 4) (*See also Frazier v. Heebe*, 482 U.S. 641 (1987)) (District Court has discretion to adopt local rules necessary to carry out business subject to Supreme Court's exercise of inherent supervisory power to ensure local rules are consistent with principles of right and justice). As the Tenth Circuit Court noted, Petitioner's proposed instruction number 8 was convoluted, confusing and long. Furthermore, the rules of practice for the United States District Court for the District Court of Utah sustain the correctness of this position: "Individual Instructions shall embrace (1) subject only . . . ." (*See* Rule 114(a) Rules of Practice for the United States District Court for the District of Utah).

Notwithstanding this rule and the express order of the District Court, Petitioner submitted proposed instruction number 8 which consisted of 62 lines of lengthy, imprecise, confusing, argumentative and duplicative statements. Petitioner even admitted in its brief below that its proposed instruction number 8 "could have been three or four instructions" (Petitioner's Brief to Tenth Circuit at page 24). And a simple review of Petitioner's proposed instruction demonstrates just how misleading and confusing it was when it essentially required the jury to consider among other things, (a) the likelihood of a "not-insignificant portion of the purchasing or using public or of any other section of the public or business community with which Chums interacts including, but

not limited to people who are likely to purchase retainers" and who are "likely to believe" that Chums and Snugz retainers are the same product; (b) the "relative uniqueness" of the Chums trade dress; (c) whether Snugz is a "potential entrant" into Chums' market; (d) any "awareness of the product's similarity among people in the trade;" and (e) the fact that "an almost overwhelming amount" of proof of actual confusion is "necessary to refute that proof." (*See* Petitioner's Proposed Jury Instruction 8 in Petition at Appendix D).[3]

Finally, the Tenth Circuit Court of Appeals correctly ruled that Petitioner's reliance in regard to the giving of instruction number 25 was in error insofar as Tenth Circuit case law was concerned (*See* Court's Opinion at pages 4-5).

IV. THE TENTH CIRCUIT COURT WAS CORRECT IN ITS RULING

A plain review of the Tenth Circuit Court's unpublished Opinion demonstrates that that Court persuasively rejected all of Petitioner's claims and that there

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[3] As noted in the statement of the case, Petitioner's counsel presumably waived any argument regarding proposed instruction number 8 when Petitioner essentially acquiesced in the Court's decision to instruct the jury on the issue of "likelihood of confusion" by informing jurors that they were to "rely on [their] memory and common sense. Petitioner's counsel even went further by encouraging the Court to instruct the jury to apply the "ordinary meaning" of "likelihood" of confusion.

is no basis for this Court granting certiorari on any theory, including any argument raised by Petitioner for the first time now. Indeed, although Petitioner made a suggestion for rehearing in banc in the Tenth Circuit, no member of the panel and no judge in regular active service on that Court requested the Court even be polled on the suggestion (*See* Court's Order of October 27, 1995, in Petition at Appendix C).

CONCLUSION

Snugz/USA, Inc. and Howard James Adamson request that this Court deny Chums, Ltd.'s Petition for Writ of Certiorari because the case involves no issue significant for this Court's review and because the lower courts did not error.

Respectfully submitted,

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